

ACCOUNTABILITY AND MONITORING

In order to ensure the proper use of CSBG funds, SCSO will periodically monitor each agency's programs, finances and assess organizational standards. The SCSO monitoring is intended to be an opportunity for thorough evaluation of a CAA while providing feedback to improve agency performance. Each agency shall undergo a full onsite fiscal review at least once every three years, a program monitoring performed on-site at least once every year, and a State led assessment of the organizational standards once every year. In addition to the full on-site fiscal review, the State CSBG Program Director and SCSO Program Specialists may periodically make monitoring visits to evaluate progress towards achieving the objectives outlined in the needs assessment and community action plan (annual work plan); as well as to:

- a) Provide routine and/or requested training and technical assistance
- b) Verify contract compliance including Federal assurances and State requirements;
- c) Observe grantee service and types of assistance provided;
- d) Assess grantee performance regarding operations and program activities;
- e) Collect data to assist in fulfilling reporting requirements
- f) Ensure ongoing contact with grantees;
- g) Submit field visit reports certifying grantee program activities; and
- h) Assess data contained in the monthly financial status reports, semi-annual program progress reports, and annual year-end report.
- i) Follow-up on various corrective action plans.
- j) Attend Board meetings

In addition to any onsite program or fiscal monitoring, SCSO staff may also perform a desktop review. Desktop monitoring is used to assess the grantee on program implementation, status of corrective findings, and/or documentation submitted as part of reimbursement requests.

PROGRAM MONITORING

The CAA will receive advance notice of the on-site program monitoring appointment. At least three weeks prior to the appointment a CSBG pre-visit questionnaire will be mailed to the agency and must be completed and returned to SCSO one week prior to the appointment. State Community Services Office staff will review the CAA's contract to determine if the agency is reporting and filing claims in a timely manner. Program monitoring may occur on a corresponding date of an agency's/organization's governing board meeting.

During the program monitoring process, SCSO staff will complete a thorough review of the following areas:

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| • Reporting Requirements | • Personnel Policies |
| • Agency Board and By-laws | • Program Objectives |

- Minutes from Agency Board Meetings
- Board Roles and Responsibilities
- Board Operations
- Personnel Assigned to the CSBG Program
- Client Files and Eligibility
- Client Files for Those Receiving Direct Services
- Organizational Standards

In order for SCSO staff to be efficient with the time allotted for an on-site program monitoring, the CAA is required to make certain and necessary documents available for the program specialist to review. A list of required documents will be provided to each agency in a pre-visit packet.

One primary area of focus for program monitoring is the documentation found in client files. Client files should, at a minimum, include the following items and information:

- Current HHS poverty guidelines
- Client demographics
- Case management log and notes
- Sum of eligible income for all those 18 and older in the household
- Types of assistance received
- Linkages / referrals made

FISCAL MONITORING:

Fiscal representatives of SCSO will conduct on-site visits for the primary purpose of monitoring expenditures and accountability of CSBG and local share funds. This monitoring will include a general review of the overall fiscal integrity of the agency, as well as an in-depth review of selected fiscal activities.

As required under Section 678B(a) of the Act, SCSO conducts the following reviews of entities receiving CSBG awards:

- a) A full on-site review of each eligible entity at least once during each three-year period to determine whether they meet the performance goals, administrative standards, financial management requirements, and other State requirements through the review of agency records and interviews with agency personnel, board members and clients;
- b) An on-site review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the CSBG program. (SCSO has not recently designated any new agencies, nor are we anticipating any new agencies as all counties in the State are covered);
- c) Follow-up reviews, including prompt return visits to eligible entities that fail to meet the goals, standards, and requirements established by the SCSO. This is accompanied by specialized technical assistance needs identified in the initial monitoring visit and any subsequent visits or interactions;
- d) Other reviews as appropriate, including reviews of entities whose independent audit report indicates serious internal control problems or other significant findings and entities

with programs that have had other Federal, State or local grants (other than assistance provided under the CSBG program) terminated for cause.

Randomly selected samples of expenditures selected from periodic financial reports submitted on RFF's are tested for compliance with the regulations and requirements of the CSBG contract and for conformity with Generally Accepted Accounting Principles to determine that adequate systems and controls are in place to safeguard the Federal funds, and that Federal funds are being used according to the approved budget.

As a condition of the CSBG contract, each recipient must comply with the requirements of OMB Circular A-133 until the end of the contracting period ending March 1st, 2016, *Audits of States, Local Governments, and Non-Profit Organizations*. On all sub awards starting October 1st, 2015 recipients must comply with the requirements of the OMB Super Circular 2 CFR 200. SCSO fiscal staff will review the annual audits of each CSBG grantee and periodically review monitoring reports available from other funding sources. The financial reports to the Board of Directors will also be subject to review by SCSO fiscal representatives. In addition to on-site and desktop reviews, fiscal staff will provide training and technical assistance as requested or deemed necessary.

Required Financial Practices

Each eligible entity shall have an audit prepared in accordance with OMB (Office of Management and Budget) Circulars. An independent CPA selected by the board of each eligible entity will conduct the agency's annual audit. Audit reports shall be submitted within thirty days following completion of the audit but no later than nine months after the end of the entity's fiscal year.

Nonprofit sub-grantees receiving less than \$25,000 shall submit unaudited Financial Statements, in accordance with guidelines within sixty days following the termination of the agreement.

Local grantees are to design programs to expend all CSBG funds during the contract period for which funds are allocated. However, if any funds are not spent at the end of the fiscal year, the State may allow the carry-over of such funds to be used as part of their programming in the following fiscal year as allowed under Sec. 679 (6). SCSO shall enter into agreement with the Office of the State Auditor to conduct financial and compliance audits of administration of funds received under the CSBG in accordance with GAO audit guides.

ORGANIZATIONAL STANDARD ASSESSMENTS

At the request of the Federal Office of Community Services (OCS), the State Community Services Office (SCSO) will assess eligible entity's compliance with established organizational

standards every fiscal year. Fiscal year 2016 will be the first year the State will officially start the assessment process for organizational standards.

The State expects that all agencies be in compliance with organizational standards. A compliance rate that is below full conformity will require corrective action for each standard that is not met. State issued corrective action will be developed in partnership with the agencies and progress will be monitored by the State. The SCSO will provide final approval, determination of corrective action type, and revisions on all required corrective action plans made in partnership with individual agencies.

The following are the four levels of corrective action the State can use with a qualifying agency (see *Corrective Action Definition* section below):

- 1- Corrective action plan (CAPL)
- 2- Technical Assistance or Training Assistance Plan (T/TAP)
- 3- Quality Improvement Plan (QIP)
- 4- Reduction or Termination of Funding

Process and Procedure

Tool

The organizational assessment tool will be part of the State's monitoring tool and will contain 58 questions for private/nonprofit CAAs and 50 questions for public/governmental CAAs.

The tool will give equal weight to all the standards except for the 9 identified in the table below. The following standards will be weighed more heavily than the others due to their correlation with the CSBG act and other regulations.

Organizational Standards	CSBG Act	
1.1	672 (2)(D)	Maximize participation of low income participants
2.1	676 (b)(5)	Eligible entities will coordinate and establish linkages (partnerships)
3.1	676(b)(11)	Conducts a needs assessment
4.2	676(b)(11)	Community Action Plan requirements
4.3	678E	ROMA
5.1	676B	Tripartite board organization
5.2	676(b)(10)	Low income individuals to petition for representation
8.1	Title 2 Audit Requirement	Title 2 of the Code of Federal Regulations
8.13	CFR 200.333	Record Retention and Destruction

The lack of compliance with the above standards will generate either a T/TAP or QIP. The SCSO Staff member and agency designated staff will determine which plan is best suited for the given standard out of compliance.

Assessment Process

Starting in 2016 the State will assess the eligible entities' compliance with organizational standards as part of the established monitoring processes.

State-Assessment: Assessments conducted by the State will be carried out by the appropriate Program Specialist. Monitoring dates are determined each year.

Format: The State will perform the assessment as part of the monitoring process giving the entity an opportunity to explain questions and deficiencies found during the assessment.

Deficiencies: At the end of the monitoring/assessment the SCSO staff will hold an exit conference with the agency. If there are standards that are out of compliance, they will be discussed. The grantee is given the opportunity to provide comments and present additional information or explanation regarding a specific deficiency before corrective action is decided. If time permits, those present for the assessment will discuss the necessary level of corrective action. If no time is available, the SCSO staff will contact and collaborate via email, phone, or in person with the agency to develop necessary corrective action.

MONITORING FOLLOW UP AND CORRECTION

Exit Conference

Upon completion of a monitoring review, SCSO staff will hold an exit conference with the agency. Preliminary areas of noncompliance will be summarized and discussed with the CAA Executive Director and/or designated staff during the exit conference. Copies of specific documents, supporting schedules, and reports obtained during the site visit to facilitate preparation of the report should be discussed during the exit conference. The grantee is given the opportunity to provide comments and present additional information or explanation regarding specific deficiencies.

Report

Monitoring and Standards results will be provided in the same format and report. Each deficiency and/or area of noncompliance will be identified by a topic line, and include a brief description of how the grantee is out of compliance with a program requirement or standard. A brief description will be provided for each deficiency. Each noted problem or deficiency will be presented in a logical manner, with reference to supporting evidence and without ambiguity of meaning or confusion of terminology. The specific program requirement, OMB Circular

reference, or other regulation should be cited, along with a clear explanation as to why the evidence gathered leads the SCSO reviewer to conclude that the agency is not in compliance.

The report will include specific timelines for any required and agreed upon corrective action. Copies of the report will be provided to the agency's Director and to the CAAs Governing Board.

Example of how findings are reported:

Subject: Board Members have not received ROMA training. 7/22/15.

Description: upon review of the governing board's minutes the program specialist discovered that no board members have received ROMA training, the monitoring tool and organizational standards require that governing boards receive ROMA training.

Corrective Action Plan Type: CAPL

Plan Description: after reviewing this finding with the ABC agency, the Agency and the SCSO have decided that a CAPL will be in place until this standard is met. The target date for the CAPL to be complete is 10/15/2015. The outcome is, ROMA training by a ROMA trainer at the next board meeting.

Date to be complete: 10/15/2015

Date of follow up: 10/17/2015

Responsible Party: SCSO Program Specialist

Required Documentation: Most Recent Board Minutes and training material

The SCSO Program Specialist who conducted the monitoring will submit a report back to the CAA within 14 business days after the monitoring or assessment is complete and after review and approval from the SCSO Director. The CAA is required to respond in writing to each of the deficiencies and observations mentioned in the report, including a detailed plan for taking corrective action and or assistance that is needed. The CAA's response is due within 14 business days after receipt of SCSO's monitoring report. The CAA's plan for resolution and corrective action will be reviewed by SCSO staff to ensure that all deficiencies have been adequately addressed. Reporting timeline requirement, differ for QIP, see step (7) under the corrective action section (below).

The SCSO Staff will review the agency's prescribed corrective action and will either approve or disapprove. If disapproved, the SCSO Staff and CAA Director will discuss and plan different and more appropriate corrective action and or training. The CAA is responsible for drafting the new corrective action plan(s) and submitting it to the State for final approval. After receiving the new plan the SCSO will respond with approval or changes if needed to the CAA within seven business days.

Follow Up

The designated SCSO Staff is responsible for follow-up on any monitoring deficiencies and standards found out of compliance and the correlating corrective action. The SCSO staff will conduct follow-up at every monitoring appointment and at the date designated for completion of the corrective action plan. If it is understood that the entity will not meet the date, the SCSO staff, with proper approval from the SCSO Director, may extend the deadline. On the designated

deadline, the SCSO staff will contact the agency and request documentation that the deficiency or standard has been met.

If deemed necessary, an on-site follow-up review may be initiated and conducted for an agency that is determined to have a deficiency or area of noncompliance for which appropriate corrective action has not been taken within the timelines detailed in the report. During the follow-up review, each finding listed in the original report will be addressed and documented as being “corrected”, “not corrected”, or “corrective action in progress”. Any uncorrected issues will continue to be documented in subsequent site visit reports until satisfactorily corrected or closed. Training and technical assistance will be provided by SCSO as requested to assist the CAA in ensuring resolution of all deficiencies in a timely manner.

Corrective Action Processes

In the case of violations or discrepancies with Federal and State laws governing CSBG programs discovered through the Department’s monitoring, assessing of standards, and auditing activities, the agency shall be notified of the violation or discrepancy immediately using the determined reporting methods (above). Detailed below is SCSO’s 10 step corrective action process, which will be followed, should an eligible entity be determined non-compliant.

- 1- State conducts on-site programmatic monitoring each year, fiscal monitoring every three years pursuant to section 678B, and Organization Standards assessment every year (even years onsite, odd years self assessment).
- 2- Based on routine State monitoring, reviews, or investigations related to specific complaints or allegations, the SCSO may determine that an eligible entity has failed to comply with the terms of an agreement, State plan, State and Federal code and regulations, or organizational standards. The State’s determination may be based on the agency’s failure to provide CSBG services, or to meet appropriate standards, goals, and other requirements established by the State or related Federal agencies, including performance objectives. The State will document the basis for such determination and the specific deficiency or deficiencies that must be corrected.
- 3- When the SCSO has determined that an eligible entity has a specific deficiency, the State will communicate the deficiency to the eligible entity and require the eligible entity to correct the deficiency. To establish compliance with the requirements of the CSBG Act, records of correspondence or other communications related to an enforcement action against an eligible entity will be maintained.
- 4- The SCSO requires the entity to correct the deficiency.
- 5- The State will offer training and technical assistance, directly or indirectly through the association, if appropriate, to help an eligible entity correct identified deficiencies or failures to meet requirements and standards. Technical assistance may be offered concurrently with the notification of a deficiency or deficiencies and should focus on the specific issues of the eligible entity to the extent possible.

- 6- If the State determines that training and technical assistance are not appropriate, the State will prepare and submit a report to the Secretary stating the reasons that technical assistance is not appropriate. Some examples of situations in which a State may determine that technical assistance is not appropriate may include, but are not limited to, the following:
 - A deficiency for which the eligible entity has the expertise and skills available within the organization to make corrective actions without assistance. This is called a basic Corrective Action Plan (CAPL).
 - A Deficiency for which the State has previously provided technical assistance and the eligible entity has failed to institute corrective actions;
 - Multiple, widespread, and/or repeated deficiencies that cannot feasibly be addressed through technical assistance;
 - A deficiency that involves evidence of fraudulent reporting or use of funds, or other evidence of criminal wrongdoing.
- 7- (Discretionary): at the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), the State allows the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan (QIP) to correct such deficiency within a reasonable period of time, as determined by the State. The State will review and issue a decision on whether to approve the plan not later than 30 days after receiving the plan from an eligible entity. If the State does not accept the plan, the State will specify the reasons why the proposed plan cannot be approved and will, in partnership with the entity, develop and implement a different QIP with an accompanied time frame.
 - a. SCSO will report to the Federal OCS any QIP within 30 calendar days of the QIP being created and approved. The report will contain the agency undergoing the QIP, the deficiency being addressed, the rationale for the QIP, and the QIP in its entirety.
- 8- Should the eligible entity not comply with corrective action steps, the SCSO will provide adequate notice and an opportunity for a hearing prior to terminating organizational eligibility for CSBG funding or otherwise reducing the proportional share of funding to an entity for cause. The CSBG Act does not include any State or Federal authority to waive the requirement of an opportunity for a hearing. Hearing procedures will be consistent with applicable State policies, rules or statutory requirements.
- 9- After providing an opportunity for a hearing, if the State finds cause for termination or reduction in funding, the State may initiate proceedings to terminate the designation of or reduce the funding to an eligible entity unless the entity corrects the deficiency. If the SCSO determines that funding will be reduced or that eligibility for CSBG funds will be terminated, the State must notify, in writing, both the entity and the Federal OCS of the decision.

10- A Federal review of the State's decision to reduce or terminate funding may be initiated through a request from the affected organization. An eligible entity has 30 days following notification by the State of its final decision to request a review by the Secretary of the Department of Health and Human Services (HHS).

- If a request for a review has been made, the State will not discontinue present or future funding until HHS responds to the request. Requests for Federal review must be received by OCS within 30 days of notification of a State decision. If no request for review is made within the 30-day limit, the State's decision will be effective at the expiration of the time.
- A review by HHS shall be completed no later than 90 days after HHS receives from the State all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within 90 days, the determination of the State shall become final at the end of the 90th day.

Corrective Action Definitions

There are four levels of corrective action:

- a. Level One is a simple Corrective Action Plan (CAPL). This plan will be put in place if it is determined that an agency has the fiscal capacity and the human capital capacity to correct the deficiency. This plan will be developed in partnership with the SCSO program specialist and the entity found out of compliance. Adequate deadlines will be determined and additional meetings as needed. Please see the Reporting section for procedures.
- b. Level Two is a training and technical assistance plan (T/TAP). This plan is put in place when an agency is determined to not have adequate resources and or human capital to come into compliance. As stated above, this will be created in partnership with the agency and the SCSO Program Specialist. The SCSO will work with the State CAP Association to deliver and implement the T/TAP. The State will be in charge of the follow-up and reporting as stated in the Reporting section.
- c. Level Three is the Quality Improvement Plan (QIP). If an entity is required to develop this plan, it is due to serious noncompliance issue(s). This is the last plan implemented before termination or reduction of funding and will be implemented if other level one or level two plans have not been successful at correcting the deficiency. The policy for developing a QIP is as follows: once the finding is reported to the agency the agency has 60 days to submit a QIP to the State and 30 days for the State to approve it (CSBG Act 678C(a)(4)(A,B)). Appropriate time limits and reviews will be developed as necessary.
- d. Level Four is termination or reduction of funding. The State will follow steps 8 through 10 above and provide adequate time for review and appeal (CSBG Act

678C(a)(5)). However, the State will not move to terminate or reduce funding until it has offered and or provided adequate training and technical assistance and or allowed an agency to develop and carry out an adequate QIP.

Compliance

Once compliance is determined, the Agency will receive, from the SCSO, confirmation of compliance and closure of the finding(s). If compliance is not met, the process will be repeated for determining proper corrective action. If compliance continues to not be met after no more than three corrective action plans have been in place, the State will move to a termination of funding, unless the agency can prove that they cannot meet the standards due to a lack of training or capacity.

MONITORING QUICK REFERENCE

Annual Program Monitoring and Organizational Standards Review		Financial Monitoring	
3 weeks prior	Visit Notice ■ Notification Letter ■ Pre-visit Questionnaire ■ Check List	3 weeks prior	Visit Notice ■ Notification Letter ■ Internal Control Questionnaire ■ Check List
1 week prior	Return information to SCSO ■ Pre-visit Questionnaire ■ Requested Documentation State conducts in office questionnaire and reviews pre-visit questionnaire	1 week prior	Return information to SCSO ■ Internal Control Questionnaire
0 days	Monitoring / Organizational Standards Assessment	0 days	Monitoring
2 weeks after	SCSO Report of deficiencies & corrective action	2 weeks after	SCSO Report of findings
4 weeks after	Response to report from CAA	4 weeks after	Response to report from CAA
7 days later	Approval from SCSO	7 days later	Approval from SCSO